

Membership Balance Plan  
Department of Defense Medicare-Eligible Retiree Health Care Board of Actuaries

Agency: Department of Defense (DoD)

1. Authority: The Secretary of Defense, under the provisions of 10 U.S.C. § 1114, the Federal Advisory Committee Act (FACA) of 1972 (5 U.S.C., Appendix, as amended), and 41 C.F.R. § 102-3.50(a) (required by statute), established the Department of Defense Medicare-Eligible Retiree Health Care Board of Actuaries (“the Board”).
2. Mission/Function: The Board, under the provisions of 10 U.S.C. § 1114 and FACA, shall provide the Secretary of Defense independent advice and recommendations related to actuarial matters associated with the Department of Defense Medicare-Eligible Retiree Health Care Fund ( “the Fund”) and on matters referred by the Secretary of Defense, including matters pertaining to the following:
  - a. Valuation of the Fund under 10 U.S.C. § 1115(c);
  - b. Recommendations for such changes as in the Board’s judgment are necessary to protect the public interest and maintain the Fund on a sound actuarial basis; and
  - c. Advise the Secretary of Defense on all actuarial matters necessary to make determinations in order to finance liabilities of the Fund on an actuarially sound basis.
3. Points of View: The Board shall be composed of three members appointed by the Secretary of Defense from among qualified professional actuaries who are members of the Society of Actuaries.

DoD has found that viewing complex issues through a multi-disciplinary advisory committee provides DoD and, more importantly, the American public with a broader understanding on which to base subsequent policy decisions.

DoD, in selecting potential candidates for the Board, reviews the educational and professional credentials of individuals and bases its selections on this review and the subject matters being handled by the Board.

Each member, based upon his or her individual and professional experience, provides his or her best judgment on the matters before the Board, and he or she does so without representing any particular point of view and in a manner that is free from conflict of interest. Board members appointed by the Secretary of Defense, who are not full-time or permanent part-time Federal officers or employees, shall be appointed to serve as experts and consultants under the authority of 5 U.S.C. § 3109 and to serve as special Government employee (SGE) members.

DoD, unless otherwise directed by an Act of Congress or Presidential directive, does not use representative members on DoD established or supported advisory committees.

4. Other Balance Factors: None.

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5. Candidate Identification Process: DoD, in selecting potential candidates for this Board, reviews the experience and professional credentials of individuals with extensive backgrounds related to actuarial matters associated with retiree health care and who are members of the Society of Actuaries. Potential candidates are identified with the assistance of the DoD Office of the Actuary (OACT), which contains all of the Department's actuarial expertise. OACT consults with various actuarial bodies, including the American Academy of Actuaries, and with the Board members themselves.

Once potential candidates are identified, the Designated Federal Officer, in consultation with OACT, reviews the credentials of each individual and narrows the list of potential candidates. The list is then forwarded to the USD(P&R) for review and formal nomination to the Secretary of Defense. During the USD(P&R) review, he or she strives to achieve a balance between the experiences of the individuals and the required subject matters that will be reviewed by the Board to obtain expertise in points of view regarding designated topics.

Prior to nominating the potential candidates, the list of candidates will undergo a review by the DoD Office of General Counsel and the Office of the Advisory Committee Management Officer to ensure compliance with Federal and DoD governance requirements, including compliance with the Board's charter and membership balance plan. Following this review, the USD(P&R) formally nominates the potential candidates to the Secretary of Defense for approval; pursuant to DoD policy, only the Secretary or the Deputy Secretary of Defense can invite or approve the appointment of individuals to serve on DoD established or supported advisory committees.

Following approval by the Secretary or Deputy Secretary of Defense, the candidates are required to complete the necessary appointment paperwork, to include meeting ethics requirements stipulated by the Office of Government Ethics for advisory committee members who are appointed as SGE members.

The Secretary of Defense may approve the appointments of members to the Board for 15 years with annual renewals, except those Board members appointed to fill a vacancy occurring before the end of the term for which the predecessor was appointed shall serve only until the end of such term. Board members may serve after the end of the term until a successor has taken office. No Board member may be reappointed for successive terms. Membership vacancies for the Board will be filled in the same manner as described in the previous four paragraphs.

6. Subcommittee Balance: The Department, when necessary and consistent with the Board's mission and DoD policies/procedures, may establish subcommittees, task groups, or working groups to support the Board.

The Secretary or the Deputy Secretary of Defense shall approve the appointment of subcommittee members for one-to-four year terms of service with annual renewals; however, no member, unless authorized by the Secretary, may serve more than two consecutive terms of service. Individuals considered for appointment to any subcommittee of the Board may

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come from the Board itself or new nominees, as recommended by the Board's sponsor and based upon the subject matter under consideration, but they must be approved by the Secretary or Deputy Secretary before participating in any subcommittee work.

Subcommittee members, if not full-time or part-time Government employees, shall be appointed to serve as experts and consultants under the authority of 5 U.S.C. § 3109, and shall serve as SGEs, whose appointments must be renewed by the Secretary of Defense on an annual basis.

7. Other: The DoD adheres to the rules and regulations issued by the Office of Government Ethics and the Administration's prohibition against registered Federal lobbyists.
8. Date Prepared: January 2, 2015